

SENATE BILL REPORT

SB 5886

As of February 17, 2015

Title: An act relating to the 1063 block replacement project.

Brief Description: Concerning the 1063 block replacement project.

Sponsors: Senator King.

Brief History:

Committee Activity: Transportation: 2/16/15.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Amanda Cecil (786-7429)

Background: The 2013 Legislature enacted a Capital Budget for the 2013-15 biennium that included a \$13 million appropriation from the State Building Construction Account to the Department of Enterprise Services (DES) for work related to construction of a new office building at 1063 Capitol Way South, Olympia. The following conditions and limitations were outlined. The appropriation could only be used for predesign and bridging documents, design, competition honoraria, project management, demolition, and other planning activities including permits. The predesign must specify the tenants of the building as directed by the Office of Financial Management (OFM) and must indicate the estimated annual cost increase for state agency tenants compared to the cost of their existing leases. The estimated cost increase could take into account estimated cost savings in staff costs and other costs that may result in more efficient building design and layout of office space. The director of OFM was directed to review cost estimates and submit a report to the appropriate committees of the Legislature indicating the budget increase that would be required 60 days prior to executing any construction contracts for the building. The lease for any prospective tenant may not be extended beyond the anticipated occupancy date of the building.

Additionally DES was authorized to enter into a financing contract for up to \$69 million plus financing expenses and required reserves to construct the new office building. The authorization included the following requirements. The building must be delivered using design build in which a party other than the state is on contract to both design and build the facility and must include a guarantee for energy, operations, and maintenance performance. The term for performance validation must not be less than five years. The state may use state employees for services not related to building performance. Criteria for selecting a

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contractor must include life-cycle costs, energy costs, or energy use index. The scope of the building must be between 200,000 and 225,000 square feet of office space based on OFM's direction for square feet and tenants identified in the programming phase including the Washington State Patrol. Tenant lease costs for the building may not exceed \$26 per gross square foot including debt services and operating expenses. Proposals must be received by January 31, 2014. The next phase of the process includes future demolition of the current General Administration Building and construction of a similar facility which may include the State Library as a tenant.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): Of the \$13 million that was appropriated in the 2013-15 Capital Budget, up to \$10 million is reappropriated for the 2015-17 biennium for continued development of the 1063 block replacement project, subject to the same conditions and limitations. The \$69 million financing contract that was authorized in the 2013-15 Capital Budget and the associated requirements are deleted from the enacted 2013-15 Capital Budget. A new financing contract for up to \$69 million plus financing expenses and required reserves to construct the new office building is authorized. The requirements outlined in the 2013-15 Capital Budget are not included in the new authorization.

An intent is declared to coordinate the consideration of the 1063 block replacement project with the development of the transportation budget.

Appropriation: \$10 million or as much as is needed is reappropriated from the State Building Construction Account to DES for continued development of the 1063 block replacement project.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: Since the majority of the cost will come from the transportation budget it makes sense for this issue to come through the Transportation Committee.

Persons Testifying: PRO: Senator King, prime sponsor.